



MINUTES

PLACER COUNTY FLOOD CONTROL AND WATER CONSERVATION DISTRICT BOARD OF DIRECTORS Monday, May 8, 2017

The Board of Directors for the Placer County Flood Control and Water Conservation District met in session beginning at 4:05 P.M., Monday, May 8, 2017, in the Rocklin City Council Chambers, 3970 Rocklin Road, Rocklin, California. Brian Keating, District Manager, Brad Brewer, Development Coordinator, Ken Grehm, Executive Director and Elise Nelson, District Counsel, represented the District.

1. **ROLL CALL:**

By roll call, Directors present: Weygandt, Yorde, Alvord, Morillas, Broadway, and Berlant
Directors Not Present: Duran, Karleskint

2. **AGENDA APPROVAL:**

The agenda was approved for the May 8, 2017 meeting.

3. **APPROVAL OF April 10, 2017 MINUTES:**

Motion made to approve the minutes of the April 10, 2017 meeting.

MOTION: Morillas/Berlant

APPROVED: Unanimous.

4. **PUBLIC COMMENT:**

None

5. **ITEMS FOR INFORMATION:**

a. **Update on the Antelope Creek Flood Control Project including project funding and construction schedule**

Brian Keating, District Manager updated the board that the four benefiting member agencies within the Dry Creek watershed have been actively negotiating the final terms of a project funding Memorandum of Understanding (MOU) to address the project funding shortfall associated with the Antelope Creek Flood Control Project. These member agencies include the Cities of Roseville and Rocklin, the Town of Loomis and Placer County. Since we last reported to your Board several final changes have been agreed to by all agencies. The goal is to bring the final revised MOU to each council or board for approvals as quickly as possible so that the construction contract award may move forward.

Brian explained that the agencies agreed to accrue interest on the advance loan payments received and that interest will be calculated based upon the Construction Cost Index (CCI) as regularly published in the Engineering News Record publication. Interest earned will be repaid to the agencies along with the principal on the loan. While the total of all advance loan payments has not changed from that previously reported (\$1,356,963), the City of Roseville and Placer County have agreed to a proportionally larger share of the payments than Rocklin and Loomis in response to concerns raised regarding direct benefits received from the project. A clarification was also made that advance payments are loans and are to

be fully reimbursed by the District. All four agencies have now placed the review and approval of the MOU on their respective agendas and we expect to know whether all approvals have been achieved by May 11, 2017.

Once the MOU has been fully approved and executed, our Executive Director will execute a construction contract with the lowest responsive, responsible bidder Steve P. Rados Inc., per authorization previously provided by your Board on April 10, 2017. A Notice of Intent has previously been issued by Placer County Procurement Division and no bid protests were received within the allowable time frame. Staff anticipates that once funding is secured and the construction contract is awarded, the contractor will be issued a Notice to Proceed and work may begin at the site as early the last week of May 2017. Construction is anticipated to last through mid-November 2017.

6. ACTION ITEM

a. Presentation and approval of proposed budget modifications for FY 2016/17

Brian reported that per the requirements of our Army Corps of Engineers 404 permit for the Antelope Creek Flood Control project, the District must complete all off-site mitigation purchases prior to the start of construction activities. These purchases have been prior approved by your Board but also generate the requirement to modify the FY 2016/17 budget, as they were not included within the final approved FY 2016/17 budget. In addition to these project related expenses, our recent mid-year budget analysis identified several relatively minor budget items that staff recommend also be included within a budget modification. Brian reviewed with the Board the following specific revenue and expense item modifications which are highlighted in yellow in the attached budget spreadsheet:

Changes in Revenue

There are decreases in three (3) revenue items which include Federal Aid relating to the Cooperating Technical Partner (CTP) mapping project, "Other Services" relating to Placer County's stream channel maintenance program, and in the proposed use of District reserves. The use of District reserves should no longer be necessary to balance the budget. There are two items of notable revenue increases including Plan Check Fee revenue (due to uptick in development) and an increased use of Dry Creek Trust Funds to make the aforementioned off-site mitigation credit purchases in this fiscal year. The off-site credit purchases are large and amount to \$230,200, the purchase of which was previously approved by your Board on April 10, 2017.

Changes in Expenses

There are four (4) decreasing expense items highlighted including expenses for the County's stream channel maintenance program, the use of Professional County Services, the ALERT system of stream and precipitation gages, and for contingency purchases (none required). The single increasing expense item is for the Dry Creek Capital Improvement Program (CIP) implementation which relates to project purchases required in this fiscal year for the Antelope Creek Flood Control Project, including professional consulting service costs and the purchase of off-site mitigation credits.

Brian explained that upon completion of the proposed modifications, staff will be able to balance the FY 2016/17 budget at year end and have all required permit conditions met prior to the start of construction for the Antelope Creek Flood Control Project. There are adequate funds in the Dry Creek Trust Fund to implement these modifications and the current fund balance is approximately \$1.2 million dollars.

Brain recommended the Board by motion adopt modifications to the Fiscal Year 2016/17 District budget due to primarily project related expenses associated with the Antelope Creek Flood Control Project which will occur in FY 2016/17.

MOTION: Weygandt/Morillas

APPROVED: Unanimous

b. Presentation and approval of the Final 2017/18 District Budget

Brian stated that the District has received input from both your Board and our Technical Advisory Committee (TAC) regarding the draft FY 2017/18 District budget. The final FY 2017-18 District budget is now presented for Board review and approval. The recommended District budget for FY 2017/18, July 1, 2017 through June 30, 2018, proposes total expenses of \$3,917,327 and revenues of the same amount, \$3,917,327.

There were five (5) revisions made to the draft budget to create the final version of the FY 2017/18 budget, which are highlighted in yellow in the attached spreadsheet. Revisions to revenue include a slight increase in "Plan Check Fee" revenue due to the uptick in development. A large increase in revenue from "Contributions from Other Funds" is also included to reflect the advance loan payments from our four (4) benefiting agencies (documented in the project funding MOU) to account for the increased costs of construction and construction related services associated with the Antelope Creek Flood Control Project. Revenue from the Dry Creek Trust Fund has been decreased to account for revenue from the Trust Fund which we now plan to realize during FY 2016/17 rather than FY 2017/18 as originally planned (previously outlined in the budget modification request for FY 2016/17). Revisions to expense items include the "Dry Creek Capital Improvement Program (CIP) implementation" item, which is slightly increased to account for the increased costs of construction and construction related services associated with the Antelope Creek Flood Control Project. Lastly, the expense item labeled "Other Supplies (Computer Related)" is increased to include software licensing costs associated with our ALERT system of stream level and precipitation gages.

Brian explained that there is no increase to the \$1.19 per capita rate annual contribution from each member agencies is proposed this year. This rate has stayed the same for the past four years. A combination of increasing population growth, development review revenue growth and decreasing operational expenses in several key areas has created a well balanced budget with no annual per capita rate increase and no use of District reserves.

The increase in the budget over last year can primarily be attributed to increasing capital improvement project spending associated with the Antelope Creek Flood Control Project. There is a significant increase in projected revenue from development review sources and from federal and state aid to help fund our CIP programs.

Revenue from the Cities and County

Brian reviewed the schedule of proposed final annual contributions from each of our member agencies, which total \$442,300 for next year. This year, revenue from population growth will help to off-set enough of the increased District expenses to keep annual contributions flat, and without the need for a use of reserves.

A summary of proposed Dry Creek Watershed Operations and Maintenance (O&M) annual expenses and fair share contributions from the member agencies located within this watershed is attached as a spreadsheet. There are relatively small projected increases to O&M costs as compared to last year, which are attributed to increasing permit fees, facility utility costs and vegetation maintenance costs.

Reserves and Trust Fund Balances

Brian stated that at the end of FY 2016/17, staff project the amount of District reserves to be approximately \$321,200 and that reserves have grown a small amount over the last year. The recommended budget for FY 2017/18 includes no use of reserves. In October 2010, your Board established a policy to strive to maintain a reserve balance of 25% of the District's annual operating expenses. This translates into a minimum reserve balance of approximately \$150,000 in a typical year.

The Dry Creek Trust Fund (Fund) balance is approximately \$1,242,200. At fiscal year 2016/17 end, the Fund balance is projected to be approximately \$829,500 following year end transfers primarily associated with the Antelope Creek Flood Control Project. Next fiscal year (FY 2017/18) staff projects transfers out of the Fund to amount to \$719,500, primarily for expenditures relating to the construction of the Antelope Creek Flood Control project.

Director Berlant asked if the population projections used in the calculation of annual member agency contributions is updated to reflect the most current numbers. His concern is that population numbers reflect as close as possible to actual numbers for small communities. Brian stated that we reference the most current information available from the State Department of Finance at the time our budget is being finalized, but that the State does update their projections throughout the year. Ken Grehm, Executive Director, suggested that we also look at the years' past projections for billing purposes to help get us closer to actual population numbers. Brian suggested that a good time to do this may be during our mid-year budget analysis done in January of each year. Director Alvord asked if we could bring this subject back as an agenda item for further consideration at our next meeting and staff agreed we would.

Staff recommends that the Board by motion approve the attached FY 2017/18 budget as final.

MOTION: Morillas /Broadway
APPROVED: Unanimous

7. **NEXT MEETING** The next regularly scheduled Board meeting is on June 12, 2017 at 4:00 pm at the Rocklin City Council Chambers.

9. **ADJOURNMENT:**

The meeting was adjourned by the Chair, Director Alvord at 4:26 pm.

Respectfully submitted,

Tracie Coyle
District Secretary